

SERIAL 03254 - ROQ MANAGEMENT CONSULTING SERVICES FOR MIHS (NIGP 91878)

CONTRACT PERIOD THROUGH JANUARY 31, 2005

TO: All Departments

FROM: Department of Materials Management

SUBJECT: Contract for **MANAGEMENT CONSULTING SERVICES FOR MIHS (NIGP 91878)**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **February 02, 2004**.

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.

Wes Baysinger, Director
Materials Management

SD/mm
Attach

Copy to: Clerk of the Board
David Smith, CAO
Wes Baysinger, Materials Management
Sharon Tohtsoni, Materials Management

PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT ("**Agreement**") is entered into this 2nd day of February, 2004 ("**Commencement Date**"), by and between FR Group, L.L.C., (dba FINANCIAL RESOURCES GROUP and dba FRG MANAGEMENT ASSOCIATES), a Texas limited liability company ("**FRG**") and THE COUNTY OF MARICOPA, ARIZONA ("**County**"), a political subdivision of the State of Arizona, which owns and operates MARICOPA INTEGRATED HEALTH SYSTEM ("**MIHS**"), located in Phoenix, Arizona.

RECITALS

A. WHEREAS, FRG provides management, consulting, advisory, assistance and other administrative services to health care institutions and provides services to health care facilities experiencing operational and financial difficulties; and

B. WHEREAS, the County has considered several proposals pursuant to Serial No. 03254 for obtaining an experienced transition management and consulting team for MIHS, with the following goals: (1) to work with the County to conduct due diligence and to prepare operational transfer agreements and other necessary documentation in order to reduce the long-term financial risks to the County and the District and to maximize the opportunities to the District resulting from the transition to the District; (2) to evaluate MIHS obligations and liabilities to assist in documenting a fair distribution of assets, obligations, liabilities, and partnering opportunities for the District; (3) to educate and work with the newly elected District Board of Directors to enable the newly-elected District Board to better understand MIHS operations, and the potential financial and organizational impact of all negotiated agreements; and (4) to work with the County to conduct organizational analysis and, where necessary, change strategies to maximize operational effectiveness and efficiency in MIHS operations, including but not limited to the revenue cycle, accounts payable and health plan departments in order to assure that MIHS is operating at its maximum potential prior to transfer to a newly created special health care district ("**District**").

C. NOW, THEREFORE, subject to the limitations set forth herein, the County hereby engages FRG to perform the functions and to provide the services described in this Agreement, and FRG hereby accepts such engagement under the terms and conditions stated in this Agreement. The County hereby delegates to FRG the general authority to provide as needed transition management assistance and direction to the MIHS on a day-to-day basis and to perform the specific functions set out in this Agreement.

AGREEMENT

ARTICLE 1. PARTIES AND TERM.

1.1 Parties.

1.1.1 County. As of the Commencement Date, the County is a party to this Agreement. On or before January 1, 2005, the County anticipates, and the other party to this Agreement agrees, that this Agreement will be assigned to the District.

1.2 Initial. The term of this Agreement shall be twelve (12) months ("**Term**") commencing on February 2, 2004, and terminating on January 31, 2005.

1.3 Extensions. The Term of this Agreement may be extended by the County for two (2) consecutive extensions of six (6) months each. The County (or its assignee) may exercise the right to extend for the first six (6) month period by giving FRG notice of the election to extend no later than January 1, 2005. The County (or its assignee) may exercise the right to extend for the second six (6) month period by giving FRG notice of the election to extend no later than July 1, 2005. Any extension shall be on the same terms and conditions as set forth herein, except that the daily and hourly compensation set forth on Exhibit E shall be subject to a reasonable price adjustment submitted by FRG promptly following receipt of the County's notice of the election to extend. Requests for adjustment in costs of labor will be subject to the reasonable approval of the County and must be supported by appropriate documentation.

ARTICLE 2. RETENTION OF AUTHORITY BY COUNTY; REPRESENTATIONS AND WARRANTIES.

2.1 Control Retained by County. Throughout the Term of this Agreement, FRG shall perform the services described in this Agreement in accordance with the policies, directives and other rules of the County and MIHS as reflected in documents delivered to FRG pursuant to its requests for documents of the County. FRG shall also be held responsible for any policies, rules or directives of the County or MIHS actually delivered to FRG in writing. By entering into this Agreement, the County does not delegate to FRG any of the powers, duties and responsibilities vested in the County by law.

2.2 FRG Reliance on County Policies. The County shall communicate all policies and directives to FRG, and FRG shall rely on and assume the validity of communications from, and shall report to, the County Administration Officer (“CAO”) or his designee (who shall be identified to FRG in writing). All matters requiring professional medical judgments shall remain the responsibility of the County, MIHS’s medical staff and its allied health professionals. FRG shall have no responsibility for such medical judgments.

2.3 Representations of the County. Except as disclosed in writing to FRG prior to the date hereof, the County represents the following to be true:

2.3.1 This Agreement has been duly authorized, executed, and delivered by the County as the governing body of MIHS and represents the legal, valid and binding agreement of the County and is enforceable against the County in accordance with its terms.

2.3.2 The execution, delivery and performance of this Agreement by the County and consummation by it of the transactions contemplated hereby do not:

2.3.2.1 require the consent, waiver, approval, license or authorization of any person or public authority which has not heretofore been obtained;

2.3.2.2 violate any provision of law applicable to the County;

2.3.2.3 conflict with or result in a default under, or create, a lien upon any of the property or assets of the County pursuant to any agreement or instrument; or

2.3.2.4 violate any judicial or administrative decree, regulation, or any other restriction of any kind or character to which the County is a party or by which MIHS or any of its assets may be bound.

2.4 The County has made available, or will make available, to FRG such business and other records of MIHS pursuant to any FGR request for documents, to the extent permitted by law.

2.5 Except as previously disclosed to FRG, at the time of executing this Agreement, to the knowledge of the CAO, there is no currently pending MIHS license revocation proceeding or investigation that would substantially impair the operation of MIHS.

2.6 MIHS, to the best of its knowledge, is in compliance with all requirements of state and federal wage and hour laws and other labor laws and has paid, in a timely manner, all required federal and state withholding taxes for its employees. MIHS has complied with all legal requirements relating to employee retirement plans and other employee benefit programs offered by MIHS.

2.7 Representations of FRG. Except as disclosed in writing to the County prior to the date hereof, FRG represents the following to be true:

2.7.1 This Agreement has been duly authorized, executed, and delivered by FRG and represents the legal, valid and binding agreement of FRG and is enforceable against FRG in accordance with its terms.

2.7.2 The execution, delivery and performance of this Agreement by FRG and consummation by it of the transactions contemplated hereby do not:

2.7.2.1 require the consent, waiver, approval, license or authorization of any person or public authority which has not heretofore been obtained;

2.7.2.2 violate any provision of law applicable to FRG;

2.7.2.3 conflict with or result in a default under, or create, a lien upon any of the property or assets of FRG pursuant to any agreement or instrument; or

2.7.2.4 violate any judicial or administrative decree, regulation or any other restriction of any kind or character to which FRG is a party or by which any of its assets may be bound.

ARTICLE 3. DUTIES OF FRG.

3.1 General. FRG shall perform the professional services described herein, including transition management of the day-to-day business affairs of MIHS. FRG shall use all reasonable efforts to implement the County's policies and directives with the goal of causing MIHS to provide quality health care consistent with the policies and directives dictated by statute, the County, the financial resources available to MIHS, the competitive marketplace in which MIHS is located, and Medicare reimbursement and other laws. FRG shall follow the policies and directives of the County or any committee as authorized under the authority of the CAO, in discharging its duties hereunder. Further, FRG may rely on the recommendations of MIHS's medical staff and its designated committees and departmental chairmen (collectively, "**Medical Staff**"), relative to the quality of professional services provided by individuals with clinical privileges, or as to the professional competency, training, and requisite supervision of nurses, medical technicians, and other Medical Staff.

3.2 Interim Operational Responsibility. During the period (the "**Initial Assessment Phase**") from the Commencement Date until April 1, 2004, FRG shall be responsible for three program areas: (a) interim MIHS operations ("**Interim Operations**"); (b) preparing performance improvement assessments ("**Performance Improvement Assessments**"); and (c) preparing recommendations ("**District Transition Recommendations**") regarding the transfer of MIHS to the District. The three program phases: Interim Operations, Performance Improvement Assessments and District Transition Recommendations shall be referred to collectively as the "**Three Program Phases**." Upon a showing of good cause, the Initial Assessment Phase may be extended up to thirty (30) days.

3.2.1 Performance Improvement Assessments. During the Initial Assessment Phase, FRG shall assign to the County the following personnel to assess MIHS: Ted Shaw to perform as the Chief Executive Transition Officer of MIHS, Jack Hess to perform as Project Manager, Alan Townsend, Ann Thompson and Tim Ryan/RMC Consulting. Collectively, these personnel shall be referred to as "**Key Personnel**." The compensation for the Key Personnel shall be as set forth on Exhibit A. FRG may also recommend additional personnel as listed on Exhibit B (collectively, the "**Additional Personnel**") to perform on-site analysis of MIHS operations with Key Personnel (if required) to produce Performance Improvements Assessments in each of the functional categories listed on Exhibit C. The hourly compensation for the Additional Personnel shall be as set forth on Exhibit B. Performance Improvement Assessments shall be submitted to the County as and when such assessments are completed.

3.2.2 District Transition Recommendations. During the Initial Assessment Phase, Key Personnel and the Additional Personnel shall make District Transition Recommendations concerning actions necessary to transition MIHS to the District. The hourly compensation for the Additional Personnel shall be as set forth on Exhibit B. The District Transition Recommendations shall be keyed to each of the functional categories listed on Exhibit D.

3.2.3 Initial Operations. During the Initial Assessment Phase, FRG shall assign Ted Shaw to the County to direct the operations of MIHS. Any additional personnel required to manage the operations of MIHS will be identified by submitting a Task Order to perform Interim Operations Tasks pursuant to Section 3.2.5 of this Agreement.

3.2.4 Not to Exceed Amount. The total costs of the Initial Assessment Phase (the “**Not to Exceed Amount**”) shall be as set forth on Exhibit E and shall be allocated among the Three Program Phases. The Not to Exceed Amount shall identify hourly compensation rates for Additional Personnel and daily compensation rates for Key Personnel. The Not to Exceed Amount shall also include the costs for software and other materials (“**Consultant Costs**”) needed to perform services under this Agreement during the Initial Assessment Phase.

3.2.5 Action Plan. No later than March 15, 2004, FRG shall submit to the County a draft prioritized schedule of tasks (“**Preliminary Task Schedule**”) that FRG recommends be completed prior to February 1, 2005. Within five (5) days following receipt of the Preliminary Task Schedule, the County shall comment on the Preliminary Task Schedule. The County comments shall be referred to as the “**County Preliminary Comments**”. No later than April 1, 2004, or such later date as may be permitted under Section 3.2, (the “**Action Plan Commencement Date**”), FRG shall submit to the County a prioritized schedule of tasks (the “**Master Task Schedule**”) that FRG recommends be completed prior to February 1, 2005. The Master Task Schedule shall identify Performance Improvement Assessments and District Transition Recommendations. Each item listed on the Master Task Schedule shall be referred to either as a “**Performance Improvement Task**” or a “**District Transition Task**.” For those Performance Improvement Tasks and District Transition Tasks that the County has preliminarily identified as a task to be completed by FRG (in whole or in part) in the County Preliminary Comments, the selected Performance Improvement Tasks or District Transition Task shall include a recommended schedule for implementing the task during the period (the “**Task Implementation Phase**”) after the Action Plan Commencement Date and prior to February 1, 2005, the personnel needed to complete the task, the cost for completing the task, and the defined deliverables. Notwithstanding the foregoing provisions of this Section 3.2.4, at the election of FRG, FRG may submit a Task Order (as that term is defined below) prior to the Action Plan Commencement Date if FRG believes that action must be taken in connection with the operation of MIHS in order to satisfy the requirements of Section 3.1 of this Agreement. Task Orders submitted prior to the Action Plan Commencement Date shall be referred to herein as “**Interim Operations Tasks**.”

3.2.6 Task Orders. Interim Operations Tasks, Performance Improvement Tasks and District Transition Tasks shall not be commenced without FRG first submitting a task order request (“**Task Order**”) generally in the form attached hereto as Exhibit F. Authorization to commence work pursuant to a Task Order will be made in the form of a “**Notice to Proceed**” and will be granted following County approval of a Task Order. A Task Order must include an estimate of costs and a schedule for the work that is the subject of the Task Order, a description of the defined deliverables and the identity of each Key Personnel and/or Additional Personnel needed to complete the work that is the subject of the Task Order. The hourly compensation for Additional Personnel shall be as set forth on Exhibit B. The parties acknowledge that FRG may elect to convert Additional Personnel to the status of Key Personnel, in which case the compensation for such personnel shall be changed from hourly to daily. In such case, the person being converted from Additional Personnel status to Key Personnel status shall be deleted from Exhibit B and added to Exhibit A. The parties also acknowledge that even though Key Personnel may be assigned to a specific Task Order, such Key Personnel shall be compensated on a daily basis as set forth on Exhibit A and shall not be compensated on an hourly basis. Work identified under each Task Order will commence only upon receipt of a Notice to Proceed from the CAO or his designee.

3.3 Implementation of Master Task Schedule. Following the Action Plan Commencement Date, FRG will focus its services for the remainder of the Term on assisting in and overseeing the implementation of the recommendations of the Master Task Schedule pursuant to each Notice to Proceed. The parties acknowledge that the County may in the exercise of its sole and absolute discretion not issue any Notice to Proceed following the receipt of a Task Order. The County agrees to use its best efforts to cause MIHS employees and the Medical Staff to cooperate with the actions recommended in the Master Task Schedule. FRG shall report to the County on the progress being made toward the goals and objectives set forth in the Master Task Schedule at reasonable times, and as determined by the CAO.

3.4 Personnel. FRG shall provide the County with the services of the Key Personnel and Additional Personnel specified in Section 3.2. All such personnel shall be employees or permitted subcontractors of FRG. All other MIHS personnel shall be employees or independent contractors of the County and shall be subject to the County’s personnel policies to the extent applicable. FRG shall enforce, adhere to, and administer the personnel policies established by the County in hiring, managing and discharging MIHS employees; provided, however, that matters with respect to professional competency shall be determined with the assistance of the appropriate MIHS or Medical Staff committee. Furthermore, FRG shall assist the County in determining the number and qualifications of employees required for the efficient operation of MIHS and in establishing and

revising wage scales, employee benefit packages, in-service training programs, staffing schedules, and job descriptions, all in order to accomplish the goals and objectives of the County and in accordance with policies and procedures established by the County.

3.5 Limitations on FRG's Duties. FRG shall not have the authority to:

3.5.1 Enter into or terminate contracts or leases on behalf of MIHS, except as the County may specifically authorize from time to time, but FRG shall have the authority on behalf of the County to negotiate, recommend and administer such contracts.

3.5.2 Enter into or terminate contracts with outside consultants on behalf of MIHS, except as the County may specifically authorize from time to time, but FRG shall have the authority on behalf of MIHS to negotiate, recommend and administer such contracts.

3.6 Except as set forth on Exhibit E, FRG's services shall not include such items as legal services, external audit services, cost report preparation, data processing fees, architectural engineering, the provision of software and related technology, or project management of facility or capital improvement projects; feasibility studies related to complex financial transactions such as bond offerings or major capital improvement projects, certificate of need applications related to major capital projects, and similar items; nor shall FRG perform the functions of a certified public accounting firm.

ARTICLE 4. KEY PERSONNEL.

4.1 Obligation to Provide. FRG shall provide MIHS with the services of the Key Personnel and the Additional Personnel. Each individual serving in one of these positions is subject to approval by the County and shall be acceptable to the County on a continuing basis. While Key Personnel and Additional Personnel will have a close working relationship with representatives of MIHS and the County in carrying out their duties under this Agreement, all Key Personnel and Additional Personnel shall be employees of FRG or approved subcontractors throughout the Term of this Agreement and shall report to FRG and take direction and supervision from FRG during the Term of this Agreement. FRG shall determine the amount and nature of and shall pay compensation (as hereinafter described) to the Key Personnel and Additional Personnel for all services rendered by them in connection with this Agreement. Nevertheless, the selection of Key Personnel and Additional Personnel and their replacements shall be subject to the CAO's approval, which shall not be unreasonably withheld.

4.2 Covenant Not to Hire. The County will not, and will not permit any of its Affiliates to, employ or offer to employ any Key Personnel or Additional Personnel until one (1) year after the termination or expiration of the initial one (1) year Term of this Agreement unless FRG gives its written consent thereto. FRG will not, and will not permit any of its Affiliates to, employ any MIHS personnel until one (1) year after the termination or expiration of the initial one (1) year Term of this Agreement unless the County gives its written consent thereto. The parties acknowledge that either party may waive the requirements of this Section 4.2, but any waiver by the County shall be subject to Section 10.1.8 of this Agreement.

ARTICLE 5. EXPENSES.

5.1 Expenses. In addition to FRG's fees (collectively, "**Professional Services Fee**") for the Key Personnel and the Additional Personnel described in Section 3.2 above, the County shall reimburse FRG for its actual costs for all reasonable travel, lodging and other out-of-pocket travel expenses ("**Expense Reimbursement**") incurred by FRG personnel in the course of providing services to MIHS in accordance with the "Management Consulting Services for Maricopa Integrated Health System Travel Expense Policy effective February 2, 2004." During the period prior to April 1, 2004, the County's Expense Reimbursement obligation shall be only for reasonable and actual expenses. On and after April 1, 2004, the County's Expense Reimbursement Obligation shall not exceed fifteen percent (15%), in the case of Key Personnel, and eighteen and seven tenths percent (18.7%) in the case of Additional Personnel, of the Professional Services Fee accrued during the period when expenses were incurred. FRG shall furnish reasonable documentation supporting all reimbursement requests.

5.2 When Due. FRG will bill the County for the Professional Services Fee and Consultant Costs monthly on the first (1st) day of each month for the approved Professional Services Fee and Consultant Costs to be incurred during such month. Payment for the Professional Services Fee and such Consultant Costs shall be

due within thirty (30) days after receipt of invoice and supporting documentation. Payment for Expense Reimbursements shall be made within ten (10) days after receipt of invoice and supporting documentation.

ARTICLE 6. INSURANCE.

6.1 County. The County has and shall maintain throughout the Term of this Agreement the following minimum insurance coverage for MIHS (coverage may be purchased commercially or via a funded self-insurance program):

Workers' Compensation	Statutory amount
Employer's Liability	\$500,000
Comprehensive General Liability	\$2,000,000 per occurrence \$3,000,000 aggregate
Hospital Professional Liability	\$1,000,000 per occurrence \$3,000,000 aggregate
Automobile Liability	\$1,000,000
Fidelity Insurance	\$1,000,000

Property damage insurance shall insure against loss or direct physical damage to MIHS's buildings, furnishings, equipment, machinery, and boiler under standard all-risk coverage (including but not limited to fire, smoke, lightning, windstorm, explosion, aircraft or vehicle damage, riot, civil commotion, vandalism and malicious mischief) and shall also include damage due to flood and earthquake at the discretion of the County.

FRG and its agents, servants, employees, officers and directors shall be named as additional insureds under the comprehensive general and hospital professional liability policies required hereunder. FRG's right to invoke the protection of such policies shall be severable from and independent of MIHS's rights, and these policies shall not be terminable or non-renewable except upon thirty (30) days' prior written notice to FRG. No later than thirty (30) days following the execution of this Agreement and upon reasonable request thereafter, the County shall give FRG verification of its insurance/self-insurance and FRG's status as additional insured thereunder. The County's insurance/self-insurance shall be primary with regard to FRG, and any insurance carried by FRG shall be secondary for activities within the scope of this Agreement.

6.2 FRG. FRG has and shall maintain throughout the Term of this Agreement insurance coverage, including errors and omissions coverage as part of its professional liability coverage, with limits at least as great as those shown in Section 6.1 above, except that FRG shall have no obligation to provide any hospital professional liability insurance. If FRG proposes to use a subcontractor to serve as either Key Personnel or Additional Personnel, FRG shall either include each such subcontractor under the FRG insurance required hereunder or demonstrate to the satisfaction of the County that each such subcontractor has insurance that conforms with the requirements of this Agreement. No later than thirty (30) days after the execution of this Agreement and upon reasonable request thereafter, FRG will furnish the County with evidence of such insurance. Further, in the event that a claim is made relating to MIHS which may trigger FRG's insurance coverage, FRG will cooperate in the investigation and adjudication of any such claim and take any action necessary to provide information to the County, as needed, regarding the FRG policies involved.

ARTICLE 7. ACCESS TO BOOKS AND RECORDS. FRG agrees to retain all contracts, financial books, records, and other documents pertaining to this Agreement or any other applicable payer contract for the period of time required by CMS (but not less than five (5) years) after the final payment or until five (5) years after the resolution of any audit questions or disputes or such longer period as CMS may require. The County, MIHS, state or federal auditors and any other persons duly authorized by the County shall have access to, and the right to examine, copy, and make use of any and all said materials. Upon the written request of the Secretary of Health and Human Services, the Comptroller General, or any of their duly authorized representatives, FRG will make available those contracts, books, documents, and records necessary to certify the nature and extent of the costs of providing services under this Agreement. Such inspection shall be available up to six (6) years after the rendering of such

services. If FRG carries out any of the duties of this Agreement through and subcontract with a value of \$10,000 or more over a twelve (12) month period with a related individual or organization, FRG agrees to include this requirement in any such subcontract. This section is included pursuant to and is governed by the requirements of Public Law 96-499, Section 952, and the regulations promulgated thereunder.

ARTICLE 8. CONFLICT OF INTEREST. Any member of the Board of Supervisors or Medical Staff of MIHS having any direct or indirect financial interest or investment in MIHS, any department thereof, or any contractor providing goods or services to MIHS, shall disclose such relationship in writing to FRG in order to enable FRG to discharge its duties under this Agreement effectively and efficiently.

ARTICLE 9. BREACH. The breach of any obligation or covenant under this Agreement concerning the payment of money or the commission of a crime or other action or omission by one of the Key Personnel, Additional Personnel an FRG employee or an FRG subcontractor involving moral turpitude, and the failure to cure such breach, commission, action or omission within ten (10) days after notice of such breach or failure; or the breach of any other obligation or covenant under this Agreement and the failure to cure such breach within fifteen (15) days after written notice of such breach shall constitute an “**Event of Default**,” provided, however, that if the breach is subject to the fifteen (15) day cure period and if such breach cannot be cured within fifteen (15) days, then the defaulting party shall have such additional time as may be necessary to perform or comply so long as such party commences performance or compliance within such fifteen (15) day period and diligently proceeds to complete such performance or fulfill such obligation, but in no event may the failure to perform extend for a period longer than thirty (30) days. Any notice of a breach shall specify the nature of the breach and the manner in which such breach may be satisfactorily cured. In the event such breach is not cured within the cure period specified in this Article, the non-defaulting party shall have all rights and remedies available at law or equity in the case of a breach described in Section 10.1.1 or a termination event described in Section 10.1.5. In the case of all other actions or omissions described in Section 10.1, the sole remedy shall be termination of this Agreement, subject to any accrued indemnification obligations and any accrued obligations for Professional Services Fees, Expense Reimbursements or Consultant Costs as of the date of termination.

ARTICLE 10. TERMINATION OF AGREEMENT.

10.1 This Agreement may be terminated prior to the expiration of the Term only as follows, and any such termination shall not affect any rights or obligations arising prior to the effective date of termination. If this Agreement is terminated pursuant to Section 10.1.1, then the parties shall have all remedies for breach available to them in law and in equity. If this Agreement is terminated pursuant to any other subsection below, the provisions of Article 11 shall apply.

10.1.1 Breach. In the event of a material breach of this Agreement which is not cured within the cure period set forth in Article 9, the non-breaching party may terminate this Agreement upon giving written notice of termination. This remedy shall be in addition to any other remedy available at law or in equity. Failure to terminate this Agreement shall not waive any breach of this Agreement.

10.1.2 Casualty. In the event that the physical plant housing MIHS is destroyed or is so damaged that it is reasonably anticipated that MIHS will not within ninety (90) days commence repair or reconstruction with a view toward resuming full operation, then either party may terminate this Agreement upon no less than thirty (30) days’ notice, provided that such notice is given within fifteen (15) days following the destruction or damage.

10.1.3 Insolvency. Either party may terminate this Agreement upon thirty (30) days’ notice in the event the other party becomes insolvent or fails to pay, or admits in writing its inability to pay, its debts as they mature; or a trustee, receiver or other custodian is appointed for the other party for all or a substantial part of the other party’s property and is not discharged within thirty (30) days; or any bankruptcy reorganization, debt, arrangement, or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding is instituted by or against the other party and if instituted against the other party is consented to or acquiesced in by that party or remains for sixty (60) days undismissed; or any warrant or attachment is issued against any substantial portion of the property of the other party which is not released within thirty (30) days of service.

10.1.4 Reorganization. In the event that either party undergoes a reorganization which materially alters the other party's duties or is reasonably anticipated to have a material effect on the other party's ability to perform satisfactorily its duties hereunder, then the non-reorganizing party may terminate this Agreement upon no less than thirty (30) days' notice given no later than sixty (60) days following the effective date of the reorganization.

10.1.5 Representations. Either party may terminate this Agreement upon ten (10) days' written notice in the event any representation made in Section 2.3 or Section 2.7 of this Agreement by the other party herein is found to be untrue in any respect which would have a material adverse effect upon the financial condition or business operations of the other party or would have a material adverse effect upon the ability of the County or FRG to perform under this Agreement.

10.1.6 Litigation. Either party may terminate this Agreement upon thirty (30) days' written notice in the event there is entered against the other party one or more judgments or decrees which would have a material adverse effect upon the financial condition or business operations of the other party or the other party's ability to perform under this Agreement.

10.1.7 Licenses. FRG may terminate this Agreement upon thirty (30) days' written notice in the event any material license or certification required by MIHS to operate cannot be obtained or is suspended, terminated or revoked.

10.1.8 Termination for Statutory Reasons. This Agreement is subject to the provisions of A.R.S. § 38-511, including the termination provisions therein.

10.1.9 Non-Appropriation of Funds. The County, in its sole discretion, may terminate this Agreement, effective at the end of the County's fiscal year, in the event that the County fails to appropriate sufficient funds to retain this Agreement for the next fiscal year.

ARTICLE 11. EFFECTS OF TERMINATION. Except as provided in Section 10.1.1, in the event of the termination of this Agreement, FRG shall immediately be paid all Professional Services Fees, Consultant Costs and Expense Reimbursements theretofore earned or incurred as of the date of termination. As of the date of notice of termination, FRG shall not initiate any new tasks, projects or activities, and FRG shall conclude, as quickly as possible, all tasks which were in progress at the time of the notice of termination, unless directed to do otherwise by the CAO. The termination of this Agreement for any reason shall be without prejudice to any payments or obligations which may have accrued or become due hereunder prior to the date of termination or which may become due after such termination.

ARTICLE 12. INDEMNIFICATION AND HOLD HARMLESS. The provisions of this Section 12 shall survive the termination or expiration of this Agreement. The County shall defend, indemnify, and save FRG harmless from and against any and all liability and expenses of any kind arising from claims by third parties in connection with the activities or operation of MIHS unless such liability is found to have resulted from the negligence or willful misconduct of FRG in the provision of services under this Agreement. FRG shall defend, indemnify, and save the County harmless from and against any and all liability and expenses of any kind arising from claims by third parties if such liability is found to have resulted from the negligence or willful misconduct of FRG in the provision of services under this Agreement. Defense of any claims for which indemnification is provided hereunder shall be carried out by counsel satisfactory to the indemnified party.

ARTICLE 13. NOTICES. All notices permitted or required by this Agreement shall be deemed given when in writing and delivered personally or deposited in the United States mail, postage prepaid, return receipt requested, addressed to the other party at the address set forth below or such other address as the party may designate in writing:

To FRG: FR Group, L.L.C.
12900 Preston Road, Suite 1045
Dallas, Texas 75230
Attn: John L. (Jack) Hess

To the County: Maricopa County
301 W. Jefferson Street, 10th Floor
Phoenix, Arizona 85003
Attn: County Administrative Officer

ARTICLE 14. AFFILIATES. As used in this Agreement with regard to FRG, the term “**Affiliate**” means any person or entity owning fifty percent (50%) or more of the voting stock or other ownership interests of FRG, any subsidiary entity of which FRG owns fifty percent (50%) or more of the voting stock or other ownership interests, and any subsidiary of a parent corporation (owning fifty percent (50%) or more of the voting stock or other ownership interests of FRG) of which the parent corporation owns fifty percent (50%) or more of the voting stock or other ownership interests. As used with regard to the County, the term “**Affiliate**” means Maricopa County and any corporation or other entity which substantially owns or controls, or is substantially owned or controlled by, the County.

ARTICLE 15. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their heirs, executors, administrators, assigns, subtenants, successors in interest, and successors in ownership, operation, or control of MIHS.

ARTICLE 16. MISCELLANEOUS.

16.1 Headings. Section headings are for convenience of reference only and shall not be used to construe the meaning of any provision of this Agreement.

16.2 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which shall together constitute one agreement.

16.3 Severance. Should any part of this Agreement be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of the remaining portions.

16.4 Authority. Each individual signing this Agreement warrants that such execution has been duly authorized by the party for which he or she is signing. The execution and performance of this Agreement by each party has been duly authorized by all applicable laws and regulations and all necessary corporate action, and this Agreement constitutes the valid and enforceable obligation of each party in accordance with its terms.

16.5 Law. This Agreement shall be construed in accordance with the laws of the State of Arizona.

16.6 Amendment. This Agreement may not be modified except in a written document executed by the party to be charged.

16.7 Assignment and Subcontracting. This Agreement may not be assigned by FRG, except that FRG may (with the prior written approval of the County), subcontract for specific Task Orders provided that the compensation for such subcontractors shall not exceed the compensation for a comparable position set forth on Exhibit B, and FRG shall receive no mark-up beyond the stated fees in Exhibit A and Exhibit B for such subcontracting. Any such purported assignment shall be void. This Agreement may be assigned by the County to the District.

16.8 Entire Agreement. This Agreement and the Exhibits noted below constitute the entire agreement of the parties hereto and supersedes all prior agreements and representations with respect to the subject matter hereof.

Exhibit A	Key Personnel and Daily Compensation
Exhibit B	Additional Personnel and Hourly Compensation
Exhibit C	Performance Improvement Assessments Functional Categories
Exhibit D	District Transition Recommendations Functional Categories
Exhibit E	Total Estimated Cost for Initial Assessment Phase
Exhibit F	Form of Task Order

16.9 Attorneys' Fees and Costs. If either party commences legal action alleging any violation of this Agreement, the non-prevailing party shall pay all costs and reasonable attorneys' fees incurred by the prevailing party in connection with such action.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

MARICOPA COUNTY, ARIZONA, a political
subdivision of the State of Arizona

FR GROUP, L.L.C., a Texas limited liability
company

By: _____
Andy Kunasek, Chairman
Board of Supervisors

By: _____
Title: _____

ATTEST:

By: _____
Clerk of the Board

**03254 Exhibit A
Key Personnel and Daily Compensation**

Key Personnel		
Assigned Staff:	Title	Daily Rate
Ted Shaw	Transition CEO	\$2,112
Jack Hess	Contract Manager	\$2,112
Alan Townsend		\$1,760
Ann Thompson		\$1,760
Tim Ryan/RMC		\$1,584

**03254 Exhibit B
Additional Personnel and Hourly Compensation**

Additional Personnel		
Assigned Staff:	Billing Level	Hourly Rate
Matt Nelson	Partner	\$270
Tom Matherlee	Partner	\$270
Gary Morrison	Director	\$250
Mike Williams	Director	\$250
Phyllis Walk	Director	\$250
Cindy Matthews	Staff	\$200
John Templin	Staff	\$200
Ron Campbell	Staff	\$200
Janet Lanham	Staff	\$200
Steve Wallace	Staff	\$200
Susan Richardson	Staff	\$200
Tom Poe	Staff	\$200
Physician-TBD	Physician	\$270

03254 EXHIBIT C

PERFORMANCE IMPROVEMENT ASSESSMENTS

- A. **Financial Administration** (including billing and receivables management and accounts payable).
 1. Adequacy, timeliness and appropriateness of financial and operational reporting to the Board.
 2. Comprehensiveness, effectiveness and efficiency of revenue cycle – a look at processes, system integration, customer service and collections processes.
 3. Performance of financial administration, accounting, budgeting, cash management, etc.
 4. Financial operation analysis, decision support, product line reporting systems and procedures.
 5. Exploration or performance of outsourcing opportunities (make/buy decisions).
- B. **Capital-Related Issues.**
 1. Inventory of capital requirements, including information relevant to strategic and capital planning processes – including medical staff involvement.
 2. Cash reserve requirements.
- C. **JCAHO-Related Activities.**
 1. Review of past survey results and MIHS's plan and process to address issues, including sentinel events.
 2. Process for survey preparation including mock survey tools.
 3. cursory review of areas of perennial challenges, such as medical records documentation, conscious sedation, age-specific competencies, etc.
 4. Admissions/discharge/transfer process – efficiencies and effectiveness; criteria by unit and adherence thereto.
 5. Clinical resource management and quality monitoring.
 6. Review of committee and board documentation of compliance plans.
 7. Other accreditation and regulatory issues
- D. **CMMS -Related Activities** (including cost report review/reimbursement analysis).
 1. Reviews of previously prepared Medicare, Medicaid and CHAMPUS costs reports with a focus on recovery opportunities and compliance issues.
 2. Strategic reimbursement analysis to devise a comprehensive strategy to identify and take advantage of revenue enhancement opportunities that are created by regulatory changes at the federal and state level.
 3. Based on review of prior cost reports and current CMMS regulations, develop a structured work paper package to ensure maximum reimbursement as well as compliance with appropriate federal and state laws.
- E. **Facilities Utilization and Space Planning.**
 1. Review current facilities and identify capacity and infrastructure deficiencies/opportunities.
 2. Analyze strategic issues impacting current and future service volumes.
 3. Review demographics and service line market share trends.
 4. Work with input from MIHS to develop space needs based on demographics, market share trends and strategic plans.
- F. **Health Care and Health Plan Specific MIHS Review and Analysis.**
 1. Adequacy of system and staff.

2. Integration of data and systems – both hospitals and health plans.
3. Connectivity with physicians and others.
4. Backlog of claims pending adjudication.
5. Review of effectiveness and integration of eligibility and pre-authorization system.
6. Inventory of systems at all MIHS entities.

G. **Human Resources.**

1. Compensation design and benefits.
2. Personnel policies and procedures.
3. Job design and pay grades/staffing policies.
4. Performance management program (if applicable) and merit pay.
5. Organizational development programs.
6. Employee attitude surveys.

H. **Employee Relations During Transition.**

1. Communications process and plan to keep employees informed.
2. Process to manage employee input and concerns.
3. Morale and culture assessment and plan to improve.

I. **Regulatory Compliance Programs and Accreditation.**

1. Review of HIPAA compliance issues.
2. Review of CMS compliance, including billing and coding issues.
3. Review of existing compliance programs to ensure the plans meet the required objectives.
4. Review of Compliance Officer description.
5. Review of insurance regulatory compliance.
6. Review of any external audit or regulatory review reports.
7. Graduate medical education.

J. **Partnering Opportunities** (including mergers and/or acquisitions).

1. Management of joint ventures, affiliations and other operating entities.
2. Strategic partnership needs and opportunities with physicians, other provider(s) and/or payors.
3. Strategies on how to drive market share through strategic partnering.

K. **Operational Review of Hospital and Related Activities.**

1. **Expense Management.**
 - a. Analysis of labor, including productivity, compensation, staffing and skill mix.
 - b. Supply chain management.
 - c. Contract services.
 - d. Human Resources review, including salary and benefit levels, overtime usage, performance review process, etc.
 - e. Benchmarking levels of service and cost.
 - f. Performance and accountabilities.
2. **Utilization Management.**
 - a. Effectiveness of care management by nursing unit.

- b. Outpatient and ambulatory services.
- c. OR schedule – management and productivity.
- d. Standardization of equipment and devices in key areas such as Ors, cardiology and other services with high cost items and use of standing orders, etc.
- e. Top DRG assessment (e.g., use of pathways, etc.).
- f. Use of formularies and therapeutic exchange.

L. **Review of Contracts.**

- 1. Review existing contracts for reasonableness and opportunities for savings through renegotiations.
- 2. Review contracts to determine changes needed to transition to new entity.
- 3. Review what new contracts are required.

M. **Governance-Related Activities.**

- 1. Committee structure
 - a. Appropriate for organization
 - b. Content of meetings
 - c. Role and relationships (to management, medical staff, etc.)
- 2. Oversight of management
 - a. Upholding accountability
 - b. Ability to address important issues.
 - c. Understanding of information needed to make decisions.
 - d. Access to appropriate information.
 - e. Senior management team review.
 - f. Trust issues.
- 3. Conflicts of interest.
- 4. Bylaws review.
- 5. Confidentiality issues.

N. **Marketing Activities.**

- 1. Market assessment and review of demographic and other factors (and their trends) that influence the organization.
- 2. Effectiveness and sufficiency of business development efforts to assure an increasing review stream as well as to protect/improve volumes.
- 3. Assessment of services provided versus needs of the community, including those who do not have the resources to pay or other options for health care.

O. **Strategy Issues.**

- 1. Financial and competitive performance of business development efforts.
- 2. Product/service line mix, utilization and profitability, as well as sufficiency of depth and breadth of service lines.
- 3. Managed care contracting strategy and suggestions for improvement.
- 4. Physician/hospital integration strategies.

P. **Public Relations.**

- 1. Overall customer service performance/satisfaction.

2. Relationships and communications with key constituencies (Board, physicians, unions, other providers, payors, etc.).

Q. **Medical Staff.**

1. Analysis of medical staff relations and performance, including:
 - a. Composition and tenure
 - b. Organization and integration
 - c. MD supply – deficits and surpluses/primary care/specialty mix
 - d. Appropriate use of continuum of care/resource consumption
 - e. Clinical quality
 - f. Referral patterns
 - g. Physician contracts/compensation
2. Medical staff office – performance.
3. Medical directorships.
 - a. Contracts
 - b. Compensation
 - c. Performance

R. **Organization Structure.**

1. Structure, layers and span of control.
2. Talent requirements commensurate with organization and structure.
3. Development of “team-ness” among the top leadership.

EXHIBIT D

DISTRICT TRANSITION RECOMMENDATIONS FUNCTIONAL CATEGORIES

This document is not intended as a final description of FRG's responsibility. The parties are in the process of developing detailed task responsibilities in each category. It is contemplated that the parties will allocate responsibilities between them for various aspects of the described tasks below pursuant to Section 3.2.5 of the Agreement. Certain Professional Services Fees have been identified in Exhibit E related to the development of the District Transition Recommendations that will be an integral part of the development of a final transition plan.

A. Governance.

1. Maintain governance throughout the transition period.
 - a. Monthly District Board meetings.
 - b. Monthly Finance and P.P.C. Committee meetings.
 - c. Bi-monthly Joint Conference Committee meetings.
 - d. Preparation for monthly meetings.

B. Licensing, Permits, Registrations.

1. Identify, evaluate, determine and arrange for all needs and transfers:
 - a. Hospital and pharmacy.
 - b. Health plans.
 - c. Non-acute providers.
 - d. Employees/Departments and professionals.
 - e. Federal/State/Local.
 - f. Operational.
 - g. Zoning.

C. AHCCCS Oversight/Requirements.

- 1 Notice of key management changes.
- 2 Review transition plan with AHCCCSA.
- 3 Approval rights of contracts with County.
- 4 Performance bond, opening equity initial working capital, sufficient reserves.
- 5 County guarantee or bond for ALTCS program and opening equity balance.
- 6 Monthly, quarterly, annual financial reports.

D. Management Assessment.

- 1 Evaluation of Senior Management Team and Organizational Structure.
 - a. Interviews with board, senior executives, relevant direct reports and other stakeholders.
 - b. Performance review based upon KPI under manager's areas.
 - c. Key document review (organizational charts, budgets, strategic plans, etc.).
 - d. Proprietary Product (US Healthforce Assessment of Senior Management).

E. Deed Restriction.

1. Main Campus.
 - a. Resolve compliance.
 - b. Meet with State (Governor's office) and Arnold representatives; negotiate approval of transfer to District.
2. Determine if there are any other deed restrictions on any other MIHS property.

F. Financial Issues.

1. O.A.O.
 - a. Status and impact/consequences.
2. Accounting Department.
 - a. Financial records; review internally prepared financial statements, reports, budgets, projects and variances for MIHS for last three years.
 - b. Identify and review all externally prepared financial reports and analyses of MIHS for the last three years.
3. Budgeting.
 - a. Current year results.
 - b. FY 2005 budgets (capital and operating).
 - c. Budgeting tools.
 - d. Identify and evaluate constitutional and statutory budget/levy topics.
4. Transfer Date/Balances.
 - a. Valuations.
 - b. Medicare, etc. compliance issues.
 - c. Interfund balances.
 - d. Bonds.
 - e. COPS.
 - f. Leases.
 - g. Access to capital issues.
5. Disproportionate share reimbursement and UPL.
 - a. Identify State/County/District issues (e.g., IGTs).
 - b. Negotiate AHCCCS/ ALTCS issues with State.
 - c. Resolve certainty of funds.
 - d. CMS issues.
 - e. Final cost report splits.
6. Contracts
 - a. Identify and evaluate all MIHS and County contracts used (including County, MIHS, FHCs and Desert Vista).
 - b. identify contracts:
 - i. with long lead times.

- ii To be assigned, assumed, renegotiated and/or terminated.
 - iii That cannot be unilaterally terminated.
- c. Assess termination penalties or fees.
- d. Vendor communication plan development.
- 7. Insurance.
 - a. Identify coverage.
 - b. IGAs between County and District.
 - c. Transfer.
 - d. Risk Management.

G. Real Property.

- 1. Prepare schedules of all MIHS real estate owned or leased by the County.
- 8. Review most recent title reports, title insurance, title opinions, deeds and surveys.
- 2. Order appraisals to determine market value and rental income potential to County and expense to District.
- 3. Order and review condition of title reports.
 - a. Use or obtain current surveys and environmental reports.
 - b. Work with local jurisdictions to assign zoning variances.
- 4. Clear title if necessary.

H. Assets and Inventory.

- 1. Identify tangible assets and inventory for Bill of Sale including aging schedule.
- 2. Identify intangible assets to be included/excluded.
- 3. Obtain appraisal of all assets and inventory.

I. Identify Documents Necessary for Transition.

- 1. GAs
- 2. Lease and Operating Agreement
- 3. Memorandum of Lease
- 4. Deeds
- 5. Health Services Agreement
- 6. Security Agreement and UCC-1
- 7. Bill of Sale
- 8. Assignment and Assumption of Leases
- 9. Assignment and Assumption of Licenses and Permits
- 10. Assignment and Assumption of Contracts
- 11. Assignment and Assumption of Warranties

J. Operations.

- 1. Hospital and FHCs
 - a Scope of services to be offered.
 - b product line analysis.
 - c state and county mandates.

- d. Assumption of services previously provided by County.
 - i. Human resources
 - ii. Information technology
 - iii. Legal
 - iv. Materials management
 - v. What other ISFs are there? (e.g., Facilities Management?)
- e. Health plans (MHP, MLTC and SS)
 - i. Scope of services to be offered.
 - ii. Product line analysis.
 - iii. Federal, State and County mandates.
 - iv. Health plan and revenue contracts other than MIHS.
- f. Services to be provided by County.
 - i. Correctional health
 - ii. Public health
 - iii. Pre-employment screening
 - iv. Employee health
- g. Patient census, payor mix, acuity level of patients and occupancy rates.
- h. Patient admission policies and agreements.
- i. Survey reports for last year and copies of complaints filed with applicable State office.
Description of any adverse actions instituted against MIHS regarding the quality of care.

K. GME.

- 1. Inventory of all training programs, participants, costs, expenses, revenues, affiliation agreements, etc.
- 2. Accreditation
- 3. Transfer
- 4. Obligation to District staff.
- 5. Liability to students if programs reduced, terminated or modified.

L. Compliance Review.

- 1. Organizational
 - a. Medical staff bylaws.
 - b. Minutes of meetings of BOS, medical staff.
- 2. Regulatory
 - a. AHCCCS
 - b. ALTCS
 - c. JCAHO
 - d. CHAMPUS
 - e. Medicare
 - f. Determine need for WARN Act notice
 - g. Other federal/state/local
 - h. ADHS

M. Liabilities.

1. Determine, evaluate and disclose liabilities (current and potential, including tail) to be retained by County or assumed by District.
2. Assess costs.

N. Education of Public and Candidates.

1. Maintenance of web site.
2. Public meetings (including meetings at MIHS).
3. Candidate briefings.
4. Town hall meetings.

O. Employees.

1. Evaluations
2. Planning for District's human resources and related policies and handbook.
3. District staffing.
4. Transitioning to District.
5. Evaluate compensation structure.
6. Plan for reducing nurse turnover and increasing retention.
7. Develop comprehensive communication plan.
8. Personnel file transfer.

P. Employee Benefits.

1. Evaluation of all benefit plans.
2. Determine availability to transfer benefits.
3. Evaluate market-based benefits.
4. Formulate benefit package for FY05.

Q. Legal Issues.

1. Document and complete all legal requirements to achieve smooth transfer.
2. Comply with all statutory issues.
3. Research and plan for all compliance issues.
4. Research and plan for all regulatory transfers.
5. Document and contract for any benefit plan requirements.
6. Obtain a fairness evaluation or its equivalent.
7. Retaining counsel.

R. Litigation.

1. Perform searches at federal, state, county and city levels.
2. Determine employee grievances, worker's compensation claims, medical malpractice claims, and any other claims (e.g., harassment), etc.
3. Assess cost of unfavorable outcome.
4. Liability retained by County or passed on to District.
5. SIR issues.

S. Transaction Costs.

1. Estimate and assign legal, accounting, consulting, appraisal, title and election expenses.

T. Approvals.

1. Board of Supervisors
2. District Board of Directors
3. AHCCCS and ALTCS
4. CMS
5. State Retirement System
6. Medicare
7. ADHS

U. District Inspection and Orientation.

1. Disclosure to new Board.
2. New Board inspect physical plants and financials.
3. Present and explain IGA and other transfer documents to new Board.
4. Employee orientation.

03254 EXHIBIT E
Total Estimated Cost for Initial Assessment Phase

Key Personnel			Days		Fees	
Assigned Staff:	Title	Daily Rate	1st 30 Days	2nd 30 Days	1st 30 Days	2nd 30 Days
Ted Shaw	Transition CEO	\$2,112	20	20	\$ 42,240	\$ 42,240
Jack Hess	Contract Manager	\$2,112	16	12	33,792	25,344
Alan Townsend	Partner	\$1,760	20	20	35,200	35,200
Ann Thompson	Project Manager	\$1,760	20	20	35,200	35,200
Tim Ryan/RMC	Director	\$1,584	14	12	22,176	19,008
Total Key Personnel			90	84	\$ 168,608	\$ 156,992

Additional Personnel - Performance Improvement			Hours		Fees	
Assigned Staff:	Title	Hourly Rate	1st 30 Days	2nd 30 Days	1st 30 Days	2nd 30 Days
Matt Nelson	Partner	\$270	112	64	\$ 30,240	\$ 17,280
Tom Matherlee	Partner	\$270	32	32	8,640	8,640
Gary Morrison	Director	\$250	40	40	10,000	10,000
Mike Williams	Director	\$250	-	40	-	10,000
Phyllis Walk	Director	\$250	64	88	16,000	22,000
Cindy Matthews	Staff	\$200	80	120	16,000	24,000
John Templin	Staff	\$200	32	80	6,400	16,000
Ron Campbell	Staff	\$200	16	32	3,200	6,400
Janet Lanham	Staff	\$200	48	64	9,600	12,800
Steve Wallace	Staff	\$200	48	48	9,600	9,600
Susan Richardson	Staff	\$200	48	16	9,600	3,200
Tom Poe	Staff	\$200	48	72	9,600	14,400
Physician-TBD	Partner	\$270	32	56	8,640	15,120
Total Additional Personnel - Performance Improvement			600	752	\$ 137,520	\$ 169,440

Additional Personnel - District Transition			Hours		Fees	
Assigned Staff:	Billing Level	Hourly Rate	1st 30 Days	2nd 30 Days	1st 30 Days	2nd 30 Days
Matt Nelson	Partner	\$270	16	16	\$ 4,320	\$ 4,320
Tom Matherlee	Partner	\$270	16	16	4,320	4,320
Cindy Matthews	Staff	\$200	16	16	3,200	3,200
Ron Campbell	Staff	\$200	16	16	3,200	3,200
Susan Richardson	Staff	\$200	24	24	4,800	4,800
Total Additional Personnel - District Transition			88	88	\$ 19,840	\$ 19,840

Total Consulting Fees				\$ 325,968	\$ 346,272
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Consultant Costs					
		Hours		Fees	
Legal Advisory Services	Hourly Rate	1st 30 Days	2nd 30 Days	1st 30 Days	2nd 30 Days
Fulbright & Jaworski	\$340	40	56	\$ 13,600	\$ 19,040

Proprietary Technologies			Hours		Fees	
Performance Logic					\$ 35,000	\$ -
U.S. Healthforce					25,000	50,000

\$ 60,000	\$ 50,000
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Total Estimated Consultant Fees and Consultant Costs for the First Two Months	\$ 399,568	\$ 415,312
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Months	Consultant Costs*	Estimated Minimum	Estimated Maximum	Estimated Costs
February-04				\$ 399,568
March-04				415,312
April-04		\$ 250,000	\$ 300,000	275,000
May-04		225,000	275,000	250,000
June-04	\$ 50,000	200,000	250,000	275,000
July-04		200,000	250,000	225,000
August-04		200,000	250,000	225,000
September-04		200,000	250,000	225,000
October-04		225,000	275,000	250,000
November-04		225,000	275,000	250,000
December-04		250,000	300,000	275,000
January-05		275,000	325,000	300,000
Total Estimated Annual Consultant Fees and Consultant Costs				\$ 3,364,880

*Consultant Costs = SRC Product Line Advisor

03254 EXHIBIT F

TASK ORDER FORM

Pursuant to ARTICLE 3, PARAGRAPH 2.5 of the PROFESSIONAL SERVICES AGREEMENT (“**Agreement**”) dated the 2nd day of February, 2004, by and between FR GROUP, L.L.C. (dba FINANCIAL RESOURCES GROUP and dba FRG MANAGEMENT ASSOCIATES), a Texas limited liability company (“**FRG**”) and the COUNTY OF MARICOPA, ARIZONA (“**County**”), **FRG** submits the following **Task Order** for consideration and approval by the **County**.

Date: _____

Task Order No.: _____ Task Order Originator: _____

Revision No.: _____ Contact No.: (_____) ____ - _____

Task Order Type:

- ☐ Performance Improvement Task (§ 3.2.1 of the **AGREEMENT**)
- ☐ District Transition Task (§ 3.2.2 of the **AGREEMENT**)
- ☐ Interim Operations Task (§ 3.2.3 of the **AGREEMENT**)

Description of work: _____

Deliverables: _____

Targeted Expenses: _____

Schedule for Completion of Work: _____

Key Personnel and Per Diem Rate: _____

Additional Personnel, Hourly Rate and Expected Hourly Contribution: _____

MARICOPA COUNTY, ARIZONA, a
political subdivision of the State of Arizona

FR GROUP, L.L.C., a Texas limited
liability company

By: _____
[to be determined]

By: _____

Title: _____
[to be determined]

Title: _____

ATTEST:

By: _____

Title: _____

FRG MANAGEMENT ASSOCIATES, 12900 PRESTON RD #1045, DALLAS, TX 75230

PRICING SHEET P089504/B0601579, NIGP 91878

Terms: NET 30

Federal Tax ID Number: 75-2848922

Vendor Number: 752848922 A

Telephone Number: 214/616-6093

Fax Number: 972/960-7791

Contact Person: John L Hess

E-mail Address: jackh@frgroup.net

Company Web Site: www.frgroup.net

Contract Period: To cover the period ending **January 31, 2005**.